
DATE : 19 May 2014
FROM : ANRI SMUTS
RE : CLS PROPLAW MEETING WITH CITY OF CAPE TOWN

Five members of the CLS Property Law Committee met with the deputy Mayor, Mr Ian Nielsen and senior City officials on 19th May 2014 regarding problems with rates clearances and refunds.

The City officials took pains to explain precisely why the delays and problems occurred. The following are relevant:

- City officials are adamant that the system will be vastly speeded up by mid-June when a turnaround time of approximately 15 days should be achieved. The reason for the speeding up is a long overdue “computer run” planned for the near future and that will deal with most of the backlog.
- “Long outstanding matters” are those that date from before March 2014. All these matters will be urgently addressed as a matter of priority.
- The “deeds office” approach by the City, namely to reject any rates clearance application with incorrect documents or information, will be enforced more strictly. Some of the delays can be attributed to attorneys who complained about rejection of their applications, whereafter the City officials tried to assist by fixing lesser defects in applications. The result was that proper applications were delayed because of defective applications blocking the queue. If defective applications are immediately rejected, a consistent turnaround time of less than 10 days can be achieved.
- City will soon allocate a dedicated line and address for problems and queries. One of the biggest headaches for City is complainants who lodge a complaint at several levels and demand immediate response. When a senior person then addresses the issue, the system blocks because other officials are also working on the same matter.
- The CRC 1 rates clearance certificate debacle also had repercussions, as the requirement for an advanced electronic signature entails more than just inserting the electronic signature: the entire process must be evaluated and verified by the approving institution (there are only two in the country) before the advanced electronic signature can be released. It appears that few, if any, of the metropolises in the country are on schedule and it is unlikely that the deadline of 1 July 2014 for the new clearance certificates will be met.
- Both the City and the members expressed concern that some firms consistently enjoy faster turnaround times than others. The City is well aware of the problem and is monitoring the situation but will disclose particulars. Suffice to mention that staff in the rates department has in the past been dismissed for disciplinary reasons.
- There are syndicates who target the rates and refund processes and some even managed to change bank account numbers with the result that refunds ended up in the account of a fraudster. The City has a forensic department that operates covertly: members were told that successful arrests were

recently made. Every conveyancer should bear in mind that the account and address details, both of the client and of the conveyancing firm in the rates and refund documents, are desirable targets that fraudsters attempt to obtain. Fraud is one of the compelling reasons why the City intends to eliminate manual applications as soon as possible, to rely only on electronic rates clearance certificates and then only with attorneys registered as business partners on the City's system.

- The refund process will in future also be simplified and limited to a refund via the conveyancer to the trust account or the clients nominated account. Where possible, verification will be limited to a bank account of the client plus proof of identity where appropriate.
- The Committee and City officials will again meet by mid June 2014 to evaluate turnaround times and the progress made with the new Section 118 rates clearance documentation. Colleagues are requested to refrain from lodging complaints other than through the proper channels at City.

Regards

Anri Smuts